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**Date:** 1/28/2015

**GAIN Report Number:** KS1504

## **Korea - Republic of**

### **Grain and Feed Update**

**January 2015**

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**Report Highlights:**

MY 2014/15 wheat consumption and imports remain unchanged at 3.7 million and 3.9 million tons respectively. MY2014/15 corn consumption and imports also remain static at 10.1 million and 9.6 million tons, however, U.S. corn exports are expected to decrease to 4.8 million tons due to greater supply of competitively priced corn from Eastern Europe. As well, there is an unknown impact of recent Highly Pathogenic Avian Influenza and Foot and Mouth Disease outbreaks on compound feed production. Rice production and consumption remain unchanged.

**Post:**

Seoul

**Commodities:**

Wheat

Corn

Rice, Milled

**Author Defined:****WHEAT****Production:**

Remains unchanged from the previous report.

**Consumption:**

The MY 2014/15 wheat consumption forecast remains unchanged at 3.7 million tons from the previous estimate in view of a slow trend in feed grade wheat consumption for the first five months, while milling wheat consumption maintains a similar pattern to that of the previous year during the same period.

<b>Korea: Post Estimates of Domestic Wheat Use</b> (1,000 MT, July/June)				
Year	2011/12	2012/13	2013/14	2014/15 <sup>c/</sup>
Imported Milling Wheat <sup>1/</sup>	2,153	2,193	2,132	2,130
Imported Milling Wheat <sup>2/</sup>	130	167	180	180
Flour Imports <sup>a/</sup>	42	39	33	35
Flour Exports <sup>a/</sup>	60	62	63	65
Pasta Imports <sup>a/</sup>	122	135	150	155
Pasta Exports <sup>a/</sup>	120	130	140	145
Local Wheat	44	37	27	27
<b>FSI Consumption <sup>b/</sup></b>	<b>2,311</b>	<b>2,379</b>	<b>2,319</b>	<b>2,317</b>
Feed Wheat	2,870	2,818	1,936	1,400
<b>Total Consumption <sup>b/</sup></b>	<b>5,181</b>	<b>5,197</b>	<b>4,255</b>	<b>3,717</b>

Source: Korea Feed Association (KFA), Korea Flour Millers Industry Association (KOFMIA) and Korea Customs Service (KCS)

a/ Wheat basis

b/ include local wheat, flour imports and pasta imports but exclude flour exports and pasta exports

c/ FAS/Seoul forecast

1/ KOFMIA members

2/ non- KOFMIA member

<b>Korea: Monthly Wheat Use</b> (1,000 MT)				
Month	Feed Wheat		Milling Wheat a/	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15
July	235	129	176	183
August	219	121	173	174
September	226	126	156	166
October	245	134	185	179
November	205	130	180	172
<b>Sub Total</b>	<b>1,130</b>	<b>640</b>	<b>870</b>	<b>874</b>

December	159	na	180	na
January	125	na	184	na
February	100	na	161	na
March	101	na	176	na
April	100	na	180	na
May	108	na	177	na
June	114	na	175	na
<b>Total</b>	<b>1,936</b>	na	<b>2,102</b>	na

Source: KFA and KOFMIA

a/ includes wheat flour exports, but excludes the portion used in soy-sauce production

### Wheat Trade:

MY 2014/15 wheat imports remain unchanged at 3.9 million tons from the previous forecast. According to trade and sales contract data of optional origin, around 0.9 million tons were contracted with delivery for the first ten months of MY2014/15. Feed millers expect to contract further amounts of feed wheat under the current price structure for feed corn and wheat for the remainder of the marketing year. Latest contracts showed that feed wheat price was about USD 40 per ton higher on arrival than feed corn price.

Korea: Wheat Imports (1,000 MT, Customs Cleared Basis)					
Marketing Year (July/June)	Feed Wheat	Milling Wheat	Flour Imports <sup>1/</sup>	Pasta Import <sup>1/</sup>	Total
05/06	1,536	2,220	41	101	3,898
06/07	976	2,298	69	108	3,451
07/08	565	2,317	105	117	3,104
08/09	1,151	2,058	69	105	3,383
09/10	2,164	2,071	127	119	4,481
10/11	2,075	2,520	63	123	4,781
11/12	2,868	2,169	42	122	5,201
12/13	2,820	2,461	39	135	5,455
13/14	1,948	2,181	33	150	4,312
14/15 <sup>2/</sup>	1,400	2,310	35	155	3,900

Source: Korea Customs Service

1/ Wheat basis

2/ FAS/Seoul forecast

Korea: MY 2014/15 Monthly Wheat Imports by Origin						
(1,000 MT, based on Customs Clearance)						
Country	U. S.	Australia	Canada	India	Other	Total
Milling Wheat						
2014 July	140	15	23	0	0	178
August	90	93	6	0	0	189
September	72	77	33	0	0	182
October	107	119	11	0	0	237
November	56	99	23	0	1	179
December	99	104	2	0	1	205
<b>Total(Jul-Dec) 2014</b>	<b>564</b>	<b>507</b>	<b>98</b>	<b>0</b>	<b>2</b>	<b>1,170</b>
Total(Jul-Dec) 2013	552	425	79	0	0	1,057
Feed Wheat						
2014 July	47	0	30	5	5	87

August	0	0	30	5	0	35
September	0	0	39	0	110 <sup>a/</sup>	149
October	0	0	0	0	230 <sup>b/</sup>	230
November	0	0	3	0	114 <sup>c/</sup>	117
December	0	0	0	0	97 <sup>d/</sup>	97
<b>Total(Jul-Dec) 2014</b>	<b>47</b>	<b>0</b>	<b>102</b>	<b>10</b>	<b>556</b>	<b>715</b>
Total(Jul-Dec) 2013	0	0	56	196	954	1,207
<b>Total Wheat</b>						
2014 July	187	15	52	5	5	266
August	90	93	36	5	0	224
September	72	77	71	0	110	331
October	107	119	11	0	230	467
November	56	99	26	0	115	296
December	99	104	2	0	97	303
<b>Total(Jul-Dec) 2014</b>	<b>611</b>	<b>507</b>	<b>198</b>	<b>10</b>	<b>557</b>	<b>1,887</b>
Total(Jul-Dec) 2013	552	425	135	196	954	2,264

Source: Korea Customs Service

a/ Romania (40,675 MT); Bulgaria (69,449 MT)

b/ Ukraine (161,836); Bulgaria (46,854); Romania (21,827)

c/ Ukraine (113,736);

d/ Ukraine (96,142); Romania (1,094)

<b>Korea: MY 2014/15 Feed Wheat Contracts</b>		
<b>by</b>		
<b>Estimated Time of Arrival (ETA)</b>		
(Unit: 1,000 MT, as of early January 2015)		
ETA	Quantity	Price (USD/MT) <sup>1/</sup>
Jul. 2014	65	290
Aug.	130	289
Sep.	106	287
Oct.	194	268
Dec.	84	244
Jan. 2015	118	241
Feb.	112	249
Mar.	55	250
Apr.	55	254
Total	919	

Source: Local Grain Traders

1/ CNF on Weighted Average

## Production, Supply and Demand Data Statistics:

### Wheat PS&D

Wheat	2012/2013		2013/2014		2014/2015	
Market Begin Year	Jul 2012		Jul 2013		Jul 2014	
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	9	9	7	7	7	7
Beginning Stocks	1,393	1,393	1,528	1,496	1,480	1,377
Production	37	37	27	27	27	27
MY Imports	5,439	5,455	4,288	4,312	3,800	3,900
FY Imports	5,439	5,455	4,288	4,312	3,800	3,900

<b>FY Imp. from U.S.</b>	1,312	1,407	1,403	1,220	0	1,300
<b>Total Supply</b>	6,869	6,885	5,843	5,835	5,307	5,304
<b>MY Exports</b>	144	192	144	203	150	210
<b>FY Exports</b>	144	192	144	203	150	210
<b>Feed and Residual</b>	2,818	2,818	1,900	1,936	1,400	1,400
<b>FSI Consumption</b>	2,379	2,379	2,319	2,319	2,320	2,320
<b>Total Consumption</b>	5,197	5,197	4,219	4,255	3,720	3,720
<b>Ending Stocks</b>	1,528	1,496	1,480	1,377	1,437	1,374
<b>Total Distribution</b>	6,869	6,885	5,843	5,835	5,307	5,304
1000 HA, 1000 MT, MT/HA						

## CORN

### Production:

Post's corn production estimate remains unchanged from the previous report.

### Consumption:

MY 2014/15 corn consumption remains unchanged at 10.1 million tons from the previous forecast, which is composed of 8 million tons for feed purpose and 2.1 million tons for food, seed and industrial (FSI) purpose. Greater demand for feed corn will offset the decrease of feed grade wheat, which is less competitive than corn in the global market.

MY 2013/14 corn consumption was about 9.9 million tons as estimated in the previous report, consisting of 7.8 million tons for feed and 2.1 million tons for processing, up 17 percent from the previous marketing year due to greater demand for corn in the livestock sectors driven primarily by poultry.

MY 2013/14 compound feed production was at 18.8 million tons, just 0.3 percent lower than the previous marketing year, due to strong demand from the poultry sector as a result of greater demand for chicken during the summer.

Poultry compound feed production increased by 8.1 percent over the previous marketing year, while compound feed production for cattle declined by 2.8 percent, followed by compound feed production for swine, which decreased by 1.4 percent. Compound feed production for other animals sharply declined by 11.4 percent due to a highly pathogenic avian influenza (HPAI) outbreak that greatly reduced the duck inventory.

Post forecasts MY 2014/15 compound feed production at 18.5 million tons as an initial projection. Ongoing outbreaks of AI and foot and mouth disease (FMD) may adjust the level of compound feed production later. Please refer to GAIN reports of [FMD](#) and [AI](#) for more details.

The corn inclusion rate in total compound feed production grew to 41.2 percent in MY 2013/14, up 6.9 percent from the previous year with feed wheat use declining.

In MY 2013/14, processing corn consumption increased by 7 percent to more than 2 million tons from 1.9 million tons in MY 2012/13. Wet millers consumed 96.5 percent of total processing corn with the remainder for dry millers. Major corn processors have continued using traditional corn imported from Serbia, Ukraine, Russia, Hungary, France, Australia and Brazil, and non-GM corn imported from the United States for food. Many Korean food processing companies are reluctant to use ingredients sourced from biotech corn.

<b>Korea: Total Corn Utilization</b> (Oct./Sept., 1,000 MT)				
Marketing Year	Feed	Processing a/	Food b/	Total

2008/09	6,368	1,418	108	7,894
2009/10	6,362	1,928	92	8,382
2010/11	6,074	2,051	89	8,214
2011/12	5,690	2,036	89	7,815
2012/13	6,483	1,900	98	8,481
2013/14	7,762	2,034	95	9,891
2014/15 <sup>c/</sup>	8,000	2,000	93	10,100

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

a/ Used for wet and dry milling process based on imported corn.

b/ For on-farm human consumption (on-the-cob) or snack food consumed on-the-cob, as puffed kernels or as corn tea. Imported white corn for popping has been included since MY 2004.

c/ FAS Seoul forecast

Korea: Monthly Corn Use (1,000 MT)				
Month	Feed Corn		Processing Corn	
	MY 2012/13	MY 2013/14	MY 2012/13	MY 2013/14
October	508	588	174	175
November	512	596	169	165
December	559	687	160	164
January	580	703	158	161
February	513	632	137	148
March	533	653	140	180
April	572	664	158	171
May	574	669	161	177
June	522	646	153	176
July	553	659	173	184
August	528	626	163	175
September	529	639	156	159
<b>Total</b>	<b>6,483</b>	<b>7,762</b>	<b>1,900</b>	<b>2,034</b>

Source: Korea Feed Association (KFA), Korea Corn Processing Industry Association (KOCPIA)

Korea: Feed Ingredient Use for Compound Feed Production (October/September, 1,000 MT)				
Items	MY 2011/12	MY 2012/13	MY 2013/14	MY 2014/15 <sup>a/</sup>
Sub. Total Grains and Grain Substitutes	11,569	12,115	12,080	12,100
- Wheat	3,065	2,710	1,633	1,400
- Corn	5,690	6,483	7,762	8,000
- Other Grains and Grain Substitute <sup>b/</sup>	2,814	2,992	2,685	2,700
Others <sup>c/</sup>	6,431	6,698	6,758	6,400
<b>Grand Total</b>	<b>18,000</b>	<b>18,883</b>	<b>18,838</b>	<b>18,500</b>

Source: Korea Feed Association (KFA)

a/ FAS Seoul forecast

b/ includes Tapioca, bran and gluten feed.

c/ includes vegetable protein meal, animal protein, minerals/additives, tallow, DDGS and molasses.

Korea: Compound Feed Production by Species (October/September, 1,000 MT)				
Species	MY 2011/12	MY 2012/13	MY 2013/14 <sup>a/</sup>	MY 2014/15 <sup>b/</sup>
Poultry	4,821	4,726	5,107	5,000
Swine	5,322	6,100	6,015	6,000
Cattle	6,321	6,572	6,388	6,100

Others <sup>d/</sup>	1,477	1,483	1,314	1,400
Total	17,940	18,881	18,824	18,500

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ Preliminary

b/ FAS/Seoul forecast based on the first eleven months data

d/ include ducks, rabbit, horse, sheep, deer, quail etc

Korea: Feed Ingredients Use for MY2011-MY2012 (1,000 MT, October/September)							
INGREDIENT	MY2012/2013			MY2013/2014			
	TOTAL	DOM <sup>1/</sup>	%	TOTAL	DOM <sup>1/</sup>	%	
GRAINS:							
CORN	6,483	-	34.3	7,762	-	41.2	
SORGHUM	-	-	-	-	-	-	
WHEAT	2,710	-	14.4	1,633	-	8.7	
BARLEY	31	3	0.2	28	2	0.1	
RYE	1	1	-	0	0	-	
OATS	2	1	-	3	1	-	
GSP/BROKEN GRAIN	88	85	0.5	88	88	0.5	
TAPIOCA	383	-	2.0	284	-	1.5	
LUPIN SEED	143	13	0.8	131	6	0.7	
OTHERS	182	177	1.0	173	167	0.9	
<b>SUB TOTAL</b>	<b>10,023</b>	<b>280</b>	<b>53.1</b>	<b>10,102</b>	<b>264</b>	<b>53.6</b>	
GRAIN BY-PRODUCTS:							
WHEAT BRAN	611	392	3.2	599	393	3.2	
RICE BRAN	205	205	1.1	187	187	1.0	
BARLEY BRAN	-	-	-	-	-	-	
CORN BRAN	1	1	-	2	2	-	
GLUTEN FEED	972	428	5.1	848	374	4.5	
OTHERS	373	277	2.0	342	266	1.8	
<b>SUB TOTAL</b>	<b>2,162</b>	<b>1,303</b>	<b>11.4</b>	<b>1,978</b>	<b>1,222</b>	<b>10.5</b>	
ANIMAL PROTEIN:							
FISH MEAL	22	16	0.1	18	12	0.1	
MEAT & BONE MEAL	20	20	0.1	22	21	0.1	
OTHERS	140	137	0.7	146	143	0.8	
<b>SUB TOTAL</b>	<b>182</b>	<b>173</b>	<b>1.0</b>	<b>186</b>	<b>176</b>	<b>1.0</b>	
VEGETABLE PROTEIN:							
SOYBEAN MEAL	1,986	445	10.5	2,079	411	11.0	
RAPESEED MEAL	412	7	2.2	530	6	2.8	
SESAMESEED MEAL	23	23	0.1	23	23	0.1	
PERILLA SEED MEAL	3	3	-	3	3	-	
CORN GLUTEN MEAL	83	78	0.4	81	73	0.4	
DDGS	457	135	2.4	536	158	2.8	
COTTONSEED MEAL	7	1	-	1	0	-	
PARM KERNEL MEAL	782	18	4.1	760	8	4.0	
COPRA MEAL	602	5	3.2	399	2	2.1	
OTHERS	268	191	1.4	262	216	1.4	
<b>SUB TOTAL</b>	<b>4,623</b>	<b>906</b>	<b>24.5</b>	<b>4,674</b>	<b>900</b>	<b>24.8</b>	
ADDITIVES/MINERALS:							
CALCIUM PHOSPHATE	69	53	0.4	67	54	0.4	

LIMESTONE	471	471	2.5	480	480	2.5	
SALT	69	68	0.4	67	67	0.4	
OTHER	282	281	1.5	291	289	1.5	
<b>SUB TOTAL</b>	<b>891</b>	<b>873</b>	<b>4.7</b>	<b>905</b>	<b>890</b>	<b>4.8</b>	
OTHER INGREDIENTS:							
TALLOW	320	305	1.7	316	312	1.7	
MOLASSES	476	390	2.5	461	383	2.4	
UREA	1	1	-	2	2	-	
OTHER	205	181	1.1	214	192	1.1	
<b>SUB TOTAL</b>	<b>1,002</b>	<b>877</b>	<b>5.3</b>	<b>993</b>	<b>889</b>	<b>5.3</b>	
<b>GRAND TOTAL</b>	<b>18,883</b>	<b>4,412</b>	<b>100.0</b>	<b>18,838</b>	<b>4,341</b>	<b>100.0</b>	

Source: Korea Feed Association (KFA)

1/ Domestic Products

#### Trade:

MY 2014/15 total corn imports remain unchanged from 9.6 million tons forecast in the previous report due to limited feed grade wheat supply in tandem with high level of animal inventories despite outbreaks of AI and FMD affecting poultry and swine. Processing corn imports should remain stagnant at 2 million tons.

As of early January 2015, importers contracted 4.8 million tons of corn for October 2014 through April 2015 deliveries, continuing to make contracts for May 2015 arrival onward. Most feed corn contracts are optional origin at seller's option from South American countries, Eastern Europe, or the United States with a price range of USD 211-269 per metric ton CNF, while corn processors have contracted for No. 2 GM/non-GM yellow corn from South America or the United States, and conventional corn from Eastern Europe with a price range of USD 215-276 per metric ton CNF. Most recent buying contracts were stabilized in the range of USD 211-217 per ton CNF for feed corn and USD 224-227 for processing corn.

In MY 2014/15, U.S. corn exports to Korea are revised to decrease to 4.8 million tons, down 1.2 million tons from post's previous forecast due to greater supply of competitively priced Eastern European corn in recent corn contracts in tandem with expected competitively priced South American corn for the later part of the marketing year. For the first three months of the marketing year, U.S. corn market share was at 35 percent.

Korea: Corn Imports (1,000MT, Customs Cleared Basis)							
Marketing Year	From World			From the U. S.			U. S. Share
	Feed	Processing	Total	Feed	Processing	Total	%
07/08	7,680	1,629	9,309	7,259	1,077	8,336	90
08/09	5,781	1,431	7,212	4,883	921	5,804	80
09/10	6,457	2,003	8,460	6,097	1,407	7,504	89
10/11	6,060	2,047	8,107	5,183	1,133	6,316	78
11/12	5,600	2,035	7,635	3,450	307	3,757	49
12/13	6,230	1,944	8,174	341	115	456	6
13/14	8,319	2,086	10,405	3,769	842	4,611	44
14/15 <sup>a/</sup>	7,600	2,000	9,600	4,000	800	4,800	50

Source: Korea Customs Service

a/ FAS/Seoul forecast

Korea: Monthly Corn Import (1,000 MT, Customs Cleared Basis)				
Month	Feed Corn		Processing Corn	
	MY 2013/14	MY 2014/15	MY 2013/14	MY 2014/15
October	620	846	131	181
November	631	465	178	183



December	975	750	222	137
<b>Sub Total</b>	<b>2,226</b>	<b>2,061</b>	<b>531</b>	<b>501</b>
January	885	na	118	na
February	829	na	170	na
March	488	na	158	na
April	664	na	234	na
May	698	na	166	na
June	540	na	300	na
July	591	na	85	na
August	658	na	112	na
September	740	na	212	na
<b>Total</b>	<b>8,319</b>	na	<b>2,086</b>	na

Source: Korea Customs Service

Korea: MY 2014/15 Corn Contracts <sup>1/</sup> by Estimated Time of Arrival (ETA) (Unit: 1,000 MT, as of early January 2015)						
ETA	U.S.	Europe	SOAM	Others <sup>2/</sup>	Total	Price <sup>3/</sup>
Oct. 2014	0	0	0	639	639	265
Nov.	0	0	0	805	805	255
Dec.	110	55	0	497	662	247
Jan. 2015	0	0	0	586	586	222
Feb	62	55	0	532	649	215
Mar	123	0	0	464	587	216
Apr	115	0	0	637	752	215
May	0	0	0	55	55	224
Aug	0	0	0	53	53	227
<b>Total</b>	<b>410</b>	<b>110</b>	<b>0</b>	<b>4,268</b>	<b>4,788</b>	

Source: Local Grain Traders

1/ reflecting 90-95 percent of actual contracts due to some omitted contracts data

2/ optional origins at seller's option out of USA, SOAM or Europe

3/ USD/MT, CNF on Weighted Average

## Production, Supply and Demand Data Statistics:

### Corn PS&D

Corn	2012/2013		2013/2014		2014/2015	
Market Begin Year	Oct 2012		Oct 2013		Oct 2014	
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	17	17	16	0	16	0
Beginning Stocks	1,484	1,484	1,260	1,260	1,846	1,854
Production	83	83	80	80	78	78
MY Imports	8,174	8,174	10,406	10,405	9,600	9,600
TY Imports	8,174	8,174	10,406	10,405	9,600	9,600
TY Imp. from U.S.	296	456	5,324	4,611	0	4,800
Total Supply	9,741	8,257	11,746	11,745	11,524	11,532
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	6,483	6,483	7,800	7,762	8,000	8,000
FSI Consumption	1,998	1,998	2,100	2,129	2,100	2,100
Total Consumption	8,481	8,481	9,900	9,891	10,100	10,100
Ending Stocks	1,260	1,260	1,846	1,854	1,424	1,432

<b>Total Distribution</b>	9,741	9,741	11,746	11,745	11,524	11,532
1000 HA, 1000 MT, MT/HA						

<b>Korea: Animal Inventory</b> (1,000 Head, 1,000 Birds, as of Dec. 2014)					
Animal	Year	March	June	September	December
Beef Cattle	2011	2,881	3,053	3,044	2,950
	2012	2,940	3,109	3,143	3,059
	2013	2,966	3,064	3,043	2,918
	2014	2,811	2,879	2,820	2,759
	2015	2,681c/	na	na	na
Dairy Cattle	2011	396	403	404	404
	2012	404	410	417	420
	2013	420	419	422	424
	2014	428	424	429	431
	2015	430-432c/	na	na	na
Swine	2011	7,036	7,330	7,783	8,171
	2012	8,852	9,432	9,937	9,916
	2013	10,107	10,181	10,188	9,912
	2014	9,698	9,680	9,966	10,090
	2015	9,800-10,000c/	9,900-10100c/	na	na
Layer a/	2010	62,524	61,586	60,095	61,700
	2011	61,025	60,723	61,212	62,425
	2012	63,200	61,953	61,326	61,344
	2013	62,340	60,610	62,674	64,824
	2014	64,572	62,851	65,263	67,674
Broiler b/	2010	72,692	101,690	71,271	77,871
	2011	69,932	110,122	71,038	76,435
	2012	69,387	97,750	68,540	76,130
	2013	71,938	95,898	64,505	76,487
	2014	77,879	103,593	75,846	77,746

Source: Korea Statistics (KOSTAT) and Korea Rural Economic Institute (KREI)

a/ Excluding breeders.

b/ Excluding multi-use broilers

c/ KREI forecast

## RICE, Milled

### PRODUCTION

No change from the previous report ([2014 Rice Production Update](#)).

### CONSUMPTION

Korea's rice consumption pattern remains unchanged from the previous forecast.

<b>Korea: Rice Utilization Pattern</b>
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(1,000 MT, milled)				
Rice Year (Nov. - Oct.)	MY 2011/12 <sup>a/</sup>	MY 2012/13 <sup>b/</sup>	MY 2013/14 <sup>c/</sup>	MY 2014/15 <sup>d/</sup>
Table Rice	3,554	3,435	3,354	3,270
Processing	566	526	550	550
(for food)	(418)	(470)	(480)	(490)
(for liquor)	(148)	(56)	(70)	(60)
Seed	36	36	36	36
Other and Loss	724	492	494	500
Total Demand	4,880	4,489	4,434	4,356
Per Capita Table Rice Consumption (Kg)	69.8	67.2	65.8	64.4

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ Revised b/ Preliminary c/ Forecast d/ FAS/Seoul forecast

Korea: Processing Rice Consumption Pattern (1,000 MT, milled)				
Purpose	MY 2009/10	MY 2010/11	MY 2011/12 <sup>a/</sup>	MY 2012/13 <sup>b/</sup>
KRFA	180	234	248	246
KALIA	207	244	148	56
Others c/	167	166	170	224
Total	554	644	566	526

Source: Ministry of Agriculture, Food and Rural Affairs (MAFRA)

a/ MAFRA Revised

b/ MAFRA Preliminary

c/ traditional foods or beverage made of local rice.

Note: Korea Rice Foodstuffs Association (KRFA), Korea Alcohol & Liquor Industry Association (KALIA)

## TRADE

The Korean government submitted a draft containing modifications and rectifications to “Schedule LX - Republic of Korea” to the WTO on September 30, 2014, which allowed Korea to implement ordinary customs duties on rice beginning January 1, 2015. However, five countries reserved their positions with respect to the proposed rectification and modification of the Republic of Korea’s tariff schedule concerning rice market access. Korea is expected to engage in bilateral discussions with the concerned countries for settlement of the issue.

As agreed in the special treatment, Korea will continue to import the mandatory import volume of 408,700 metric tons from Most Favored Nation (MFN) countries at the current duty level of 5 percent under the tariff rate quota (TRQ) regime in 2015 and beyond. Korea deleted provisions about usage purpose, such as the ratio of table rice (30 percent), guaranteed access to the domestic market, etc. Please refer to GAIN report [Korean Governments Press Release of Rice Tariffication \(KS1443\)](#)

In MY 2014/15, rice imports remain unchanged from the previous forecast at 560,000 metric tons as the Korean government will try to deliver the 2015 Tariff Rate Quota (TRQ) within the corresponding calendar year. U.S. rice exports are expected to stay around 150,000 metric tons, including 34,000 metric tons contracted under the 2014 MMA and possible volume to be contracted under the 2015 TRQ purchasing plan released by the Korean government.

In MY 2013/14, Korea’s rice imports were at 313,419 MT, consisting of 122,574 MT imported under the 2013 MMA quota and 190,845 MT imported under 2014 MMA quota, respectively. In CY 2014, U.S. exports to Korea amounted to 37,662 MT, which is composed of 11,700 MT imported under 2013 MMA quota and 25,962 MT imported under 2014 MMA quota, respectively.

### 2015 TRQ Purchasing plan:

Under the 2015 Tariff Rate Quota (TRQ) purchasing plan, Korea will purchase 408,700 MT of rice (milled basis) as rice tariffication took effect on January 1, 2015.

Purchasing Schedule: January – October 2015 (in principle, purchase bidding will be held two times per month, but is

adjustable as needed).

Delivery shall be completed by December 31<sup>st</sup> 2015.

Bidding method: Public open tender (Details of bidding requirements such as quantities, varieties and grades will be released by individual bidding invitation)

#### 2014 MMA Tendering Results:

Korea purchased a total of 408,700 metric tons (MT) of rice (milled basis) from the United States, China, Thailand, Australia, Vietnam and India. The U.S. share was 15 percent, half of the previous year due to less competitive pricing caused by drought in California, with contracts totaling 60,067 MT (milled) worth US\$ 62 million. U.S. contracts of 17,299 MT were brown rice (equivalent to 15,569 MT on milled basis) for food processing purpose, while the remaining 44,507 MT was milled rice for table purpose. Please refer to GAIN report Grain and Feed Update ([2014 MMA Rice Tender Results](#)) for more details.

<b>Korea: Rice Contracts by Country under 2014 MMA</b> (Unit: MT, Milled Basis, as of December 15, 2014)					
Country	Global Quota		CSQ		Total (%)
	Processing	Table	Processing	Table	
USA	10,000	0	5,569	44,507	<b>60,076(14.7)</b>
China	68,656	21,090	67,851	48,308	<b>205,905(50.4)</b>
Thailand	32,500	0	26,653	3,310 <sup>a/</sup>	<b>62,463(15.3)</b>
Australia	21,226	0	3,635	5,395	<b>30,256(7.4)</b>
Vietnam	41000	0	0	0	<b>41,000(10.0)</b>
India	9000	0	0	0	<b>9,000(2.2)</b>
<b>S.Total</b>	182,382	21,090	103,708	101,520	<b>408,700(100)</b>
<b>G. Total</b>	<b>203,472</b>		<b>205,228</b>		<b>408,700(100)</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ include 90 MT of aroma rice (Hom Mali variety)

<b>Korea: U.S. Rice Sales to Korea under 2014 MMA</b>						
Contracts	Quota	Milled rice(MT) for Table	Brown rice(MT) for Processing	Arrival unit price	Amount	ETA
		USDA #1	USDA #3	(USD/MT)	(USD)	2014
1	CSQ		6,188	878.95	5,438,943	July
2	GQ		11,111	902.78	10,030,789	BY 12/15/2014
3	CSQ	4,451 <sup>a/</sup>		1,009.80	4,494,620	BY 12/31/2014
4	CSQ	10,000		1,078.00	10,780,000	BY 12/31/2014
5	CSQ	10,000		1,046.64	10,466,400	By 1/31/2015
6	CSQ	10,000		1,048.68	10,486,800	By 2/28/2015
7	CSQ	10,056		1,047.74	10,536,073	By 2/28/2015
<b>Total</b>		<b>44,507</b>	<b>17,299<sup>b/</sup></b>		<b>62,233,624</b>	

Source: Korea Agro-Fisheries and Food Trade Corporation (aT), totaling 60,076 MT in milled basis or 29.5 percent of total 2013 MMA.

a/ USDA #3

b/ equivalent to 15,569 MT, milled basis (90 percent of brown rice)

<b>Korea: U.S. Table Rice Delivery Schedule Based on Contracts under 2014 MMA</b> (Non-Glutinous Milled Rice Medium Grain, Metric Ton)				
Supplier	Contractual Quantity	Grade	Shipment	ETA Busan Port
ACC	4,451	U.S. No. 3	4,451	BY 12/31/2014
ADM	10,000	U.S. No. 1	10,000	BY 12/31/2014
FRC	10,000		10,000	By 1/31/2015

	10,000		10,000	By 2/28/2015
	10,056		10,056	By 2/28/2015
<b>Total</b>	44,507			

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

#### Auctions for Imported Table Rice:

Korea Agro-Fisheries & Food Trade Corporation (aT) sells table rice shipments through a public auction system, while the Ministry of Agriculture, Food and Rural Affairs (MAFRA) distributes processing rice to end-users such as food processors and alcoholic beverage producers at a set price throughout the year.

In response to increased consumer confidence in U.S. medium grain milled rice, aT started selling U.S. medium grain rice of both USDA No. 1 and USDA No. 3 grades under the 2013 MMA around July 2014, completely selling out of USDA No. 3 U.S. Medium grain milled rice of 6,229 metric tons on October 13, 2014 and USDA No. 1 U.S. Medium grain milled rice of 61,188 metric tons on December 24, 2014, respectively. aT should have begun selling U.S. milled rice under the 2014 MMA in January 2015 as an initial cargo of 4,451 metric tons of USDA No. 3 grade arrived in Korea at the end of 2014. However, a continued delay is almost inevitable as ongoing strikes at west coast ports have prevented timely arrivals of shipments.

Progress in auctioning rice of other origins has been comparably slow. Sell auctions for Chinese milled rice are still pending at 86 percent for USDA No. 1 grade and 96 percent for USDA No. 3 under the 2013 MMA with Thai milled rice ongoing at 41 percent for USDA No. 1 under the 2013 MMA, respectively.

<b>Korea: Status of Rice Auction for Table Rice under 2013 CSQ</b> (Unit: metric tons, milled basis, as of January 16, 2014)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Auctioned Off (%)
U.S. Medium Grain	#1	61,188	61,188	0	100 (as pf Dec. 24 2014)
	#3	6,229	6,229	0	100 (as of Oct. 13, 2014)
Chinese Short Grain	#1	24,057	21,111	2,946	86
	#3	21,435	20,556	879	96
Thai Long Grain	#1	3,146	1,290	1,856	41
<b>Total</b>		116,505	110,374	5,681	95

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

<b>Korea: Status of Rice Auction for Table Rice under 2012 CSQ</b> (Unit: metric tons, milled basis, as of September 24, 2014)					
Commodity	USDA Grade	Total Table Rice CSQ	Auctioned Off	Balance	Percentage Auctioned Off (%)
U.S. Medium Grain	#1	36,050	36,050	0	100 (as of May 3, 2013)
	#3	4,006	3,997	9	100 (as of Jan. 9, 2013)
Chinese Short Grain	#1	37,492	37,492	0	100 (as of Sep. 25, 2013)
	#3	24,995	24,897	98	100 (as of Nov. 18, 2013)
Thai Long Grain	#1	3,000	3,000	0	100 (as of Sep. 24, 2014)
Australian Medium Grain	#1	2,429	2,429	0	100 (as of Dec. 6, 2013)
	#3	2,429	2,429	0	100 ( as of Dec. 6, 2013)
<b>Total</b>		<b>110,401</b>	<b>108,215</b>	<b>98</b>	<b>100</b>

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

<b>Korea: Auctioned-Off Prices of Imported Table Rice</b> (Unit: Korean Won per Kg on Average)				
Auctioning-off Period	U.S. Medium Grain	Chinese Short Grain (Medium Grain)	Thai Long Grain	Australian Medium Grain

	#1	#3	#1	#3	#1	#1	#3
April-September 2006 (2005 MMA)	1,138	991	1,274	1,133	555	none	none
March-August 2007 (2006 MMA)	1,363	1,211	1,357	1,303	953	none	none
February-August 2008 (2007 MMA)	1,542	1,510	1,487	1,558	1,132	none	none
February 2009 -May 2010 (2008 MMA)	1,160	994	1,125 (1,100)	none	1,329	none	none
February 2010-March 2011 (2009 MMA)	970	881	914 (850)	893	672	none	none
April 2011-January 2012 (2010 MMA)	913	1,074 <sup>a/</sup>	707	612	518	none	none
December 2011- October 8, 2013 (2011MMA)	1,258	1,452	1,297	1,501	(802 <sup>c/</sup> ) 944	none	none
August 2012-September 24, 2014 (2012 MMA)	1,677	1,634	1,378	1,374	903	1,299	1,128
July 2013- January 16, 2015 (2013 MMA)	1,594	1,573	1,320 <sup>b/</sup>	1,325 <sup>b/</sup>	903 <sup>b/</sup>	none	none

Source: Korea Agro-Fisheries and Food Trade Corporation (aT)

a/ Auctioned-off during October-December 2011

b/ ongoing

c/ #3

### Production, Supply and Demand Data Statistics:

#### Rice PS&D

Rice, Milled	2012/2013		2013/2014		2014/2015	
Market Begin Year	Nov 2012		Nov 2013		Nov 2014	
Korea, South	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Harvested	849	849	833	833	816	816
Beginning Stocks	755	755	780	780	858	887
Milled Production	4,006	4,006	4,230	4,230	4,240	4,241
Rough Production	5,405	5,405	5,632	5,632	5,637	5,638
Milling Rate (.9999)	7,412	7,412	7,511	7,511	7,522	7,522
MY Imports	510	510	310	313	410	560
TY Imports	580	580	330	379	450	470
TY Imp. from U.S.	161	191	0	38	0	150
Total Supply	5,271	5,271	5,320	5,323	5,508	5,688
MY Exports	2	2	2	2	2	2
TY Exports	2	2	2	2	2	2
Consumption and Residual	4,489	4,489	4,460	4,434	4,450	4,356
Ending Stocks	780	780	858	887	1,056	1,330
Total Distribution	5,271	5,271	5,320	5,323	5,508	5,688
1000 HA, 1000 MT, MT/HA						

Korea: Import Trade Matrix of Rice			
Country	Korea, Republic of		
Commodity	Rice, Milled		
Time Period	Jan/Dec	Units:	1,000MT

Imports for:	2013		2014
U.S.	191	U.S.	38
Others		Others	
China	307	China	193
Thailand	33	Thailand	71
Australia	27	Australia	25
Myanmar	3	Vietnam	43
Vietnam	1	India	9
India	7		
Indonesia	11		
Total for Others	389		341
Others not Listed	0		0
Grand Total	580		379

## Appendix

Korea: Rice Allocation per Country on the Buying Tender under MMA (Milled basis, MT)						
Calendar Year	MMA Quota	U.S.A.	China	Thailand	Australia	Others
1995	51,307	0	0	0	0	51,307 <sup>b/</sup>
1996	64,134	0	64,134	0	0	0
1997	76,961	0	58,961	18,000	0	0
1998	89,787	0	83,487	6,300	0	0
1999	102,614	0	80,114	13,500	0	9,000 <sup>c/</sup>
2000	102,614	0	84,614	18,000	0	0
2001	128,268	27,000	63,000	18,000	20,268	0
2002	153,921	36,000	95,421	22,500	0	0
2003	179,575	49,500	103,075	27,000	0	0
2004	205,228	58,500	117,028	29,700	0	0
2005	225,575	56,179	127,351	33,015	9,030	0
2006	245,922	63,101	145,343	37,478	0	0
2007	266,270	71,719	148,511	46,040 <sup>a/</sup>	0	0
2008	286,617	69,610	151,285	65,722	0	0
2009	306,964	81,346	159,788	60,310	0	5,520 <sup>d/</sup>
2010	327,311	93,719	158,570	70,310	0	4,712 <sup>d/</sup>
2011	347,658	101,490	161,070	50,657	0	34,441 <sup>e/</sup>
2012	368,006	100,901	166,070	29,963	9,030	62,042 <sup>f/</sup>
2013	388,353	114,600	151,439	55,163	23,351	43,800 <sup>g/</sup>
2014	408,700	60,076	205,905	62,463	30,256	50,000 <sup>h/</sup>
<b>Total</b>	<b>4,325,785</b>	<b>983,741</b>	<b>2,325,166</b>	<b>664,121</b>	<b>91,935</b>	<b>260,822</b>

Source: FAS/Seoul

a/ Thai suppliers delivered only 8,470 MT of the total contracted amount due to agflation

b/ India

c/ Vietnam

d/ Pakistan

e/ Vietnam (19,441 MT) and Myanmar (15,000 MT)

f/ Vietnam (45,400 MT), India (11,642 MT) and Myanmar (5,000MT)

g/ Vietnam (13,800MT), India (30,000MT); however Vietnamese domestic conditions failed to make contract performance of 10,800 MT.

h/ Vietnam (41,000 MT) and India (9,000 MT)

<b>Korea: Import Schedule of Table Rice</b> (MT, Milled Rice)			
Calendar Year	Total	Table Purpose	Rate of Table Rice (%)
2005	225,575	22,557	10
2006	245,922	34,429	14
2007	266,270	47,928	18
2008	286,617	63,055 <sup>a/</sup>	22
2009	306,964	79,810 <sup>b/</sup>	26
2010	327,311	98,193 <sup>c/</sup>	30
2011	347,658	104,297	30
2012	368,006	110,401	30
2013	388,353	116,505	30
2014	408,700	122,610	30

Source: Ministry for Agriculture, Food, and Rural Affairs (MAFRA)

a/ Of them, 24,934MT of Chinese rice was diverted to alcohol processing purpose in CY2010

b/ Of them, 33,303 MT of Chinese rice and 1,500 MT of Thai rice were diverted to alcohol processing purpose in CY2011

c/ Of them, 5,671MT of Chinese rice were diverted to alcohol processing purpose in CY2012.

<b>Korea: Monthly Wholesale Price of Milled Rice</b> (High Quality)						
Month\Year	CY 2012		CY 2013		CY 2014	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,090	1.83	2,200	2.07	2,180	2.05
February	2,099	1.87	2,200	2.03	2,180	2.03
March	2,100	1.87	2,204	2.00	2,180	2.04
April	2,100	1.85	2,210	1.97	2,169	2.08
May	2,100	1.82	2,213	2.00	2,137	2.09
June	2,100	1.80	2,220	1.96	2,130	2.09
July	2,100	1.84	2,220	1.97	2,130	2.09
August	2,098	1.85	2,220	1.99	2,130	2.08
September	2,090	1.86	2,220	2.05	2,215	2.06
October	2,113	1.91	2,222	2.09	2,076	1.96
November	2,195	2.02	2,183	2.15	2,088	1.91
December	2,200	2.04	2,180	2.06	2,073	1.88
<b>Average</b>	<b>2,115</b>	<b>1.88</b>	<b>2,208</b>	<b>2.02</b>	<b>2,133</b>	<b>2.03</b>

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

<b>Korea: Monthly Retail Price of Milled Rice</b> (High Quality)						
Month\Year	CY 2012		CY 2013		CY 2014	
	Won/Kg	USD/Kg	Won/Kg	USD/Kg	Won/Kg	USD/Kg
January	2,194	1.92	2,311	2.17	2,321	2.18
February	2,202	1.96	2,325	2.14	2,323	2.17
March	2,195	1.95	2,329	2.12	2,307	2.16
April	2,200	1.94	2,341	2.09	2,293	2.20
May	2,203	1.91	2,331	2.10	2,289	2.24
June	2,188	1.88	2,340	2.06	2,275	2.23
July	2,172	1.90	2,334	2.07	2,245	2.20
August	2,173	1.92	2,341	2.10	2,236	2.18
September	2,179	1.94	2,340	2.16	2,262	2.19
October	2,242	2.03	2,343	2.20	2,320	2.19
November	2,316	2.13	2,346	2.31	2,301	2.10



December	2,311	2.15	2,336	2.21	2,283	2.07
<b>Average</b>	<b>2,214</b>	<b>1.96</b>	<b>2,335</b>	<b>2.13</b>	<b>2,288</b>	2.17

Source: Korea Agricultural Marketing Information Service (KAMIS)

Note: Monthly Average Exchange Rate is applied.

<b>Korea: Foreign Exchange Rate</b> (Korean Won against USD)			
Month	CY 2012	CY 2013	CY 2014
January	1,144	1,065	1,065
February	1,123	1,086	1,072
March	1,126	1,102	1,070
April	1,135	1,121	1,044
May	1,154	1,109	1,024
June	1,164	1,135	1,019
July	1,143	1,126	1,020
August	1,131	1,116	1,025
September	1,124	1,084	1,034
October	1,106	1,065	1,059
November	1,087	1,016	1,095
December	1,076	1,056	1,102
<b>Average</b>	<b>1,127</b>	<b>1,094</b>	1,052

Source: Global Financial Service